GOVERNMENT OF INDIA
DISINVESTMENT
LOK SABHA

UNSTARRED QUESTION NO:5072
ANSWERED ON:20.04.2001
DISINVESTMENT MODELS
SAHIB SINGH VERMA

Will the Minister of DISINVESTMENT be pleased to state:

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(a) whether Government`s policy of disinvestment is being discussed in detail at various levels;

(b) if so, types of different physical and financial models of disinvestment; (

(c) out of these, which are successful models and main advantage of this model; and

(d) the expected disinvestment target likely to be achieved by the end of the Tenth Five Year Plan?

Answer

MINISTER OF STATE (INDEPENDENT CHARGE) OF THE DEPARTMENT OF DISINVESTMENT, MINISTER OF STATE IN TH MINISTRIES OF PLANNING, STATISTICS & PROGRAMME IMPLEMENTATION AND MINISTER OF STATE IN THE DEPARTMENT OF ADMINISTRATIVE REFORMS AND PUBLIC GRIEVANCES (SHRI ARUN SHOURIE)

(a) Yes, Sir.

(b) & (c) Disinvestment involves sale of the equity held by the Government in various Public Sector Enterprises with or without financial / capital restructuring. This process of sale of Government equity in Public Sector Enterprises can be undertaken through different modes. The mode and extent of disinvestment in one particular PSU may not be applicable in other company. Similarly the mode and extent of disinvestment considered appropriate in a company at one point of time may not be advisable in the same company at a different point of time. Further, the methods of disinvestment, their applications etc. vary from country to country, sector to sector of the economy and company to company in the same sector. Sometimes, a combination of methods is considered appropriate. Disinvestment through public offering in domestic or international market, sale of equity to financial institutions, open auction, employee buyout, trade sale and strategic sale are amongst the methods available. Based on the spirit of recommendations of the Disinvestment Commission, sale of equity to a strategic partner (strategic sale) is now considered the preferred model of disinvestment, in most PSUs.

(d) The annual budget indicates that for 2001-2002 Rs. 12,000 Crore are expected to be realised from disinvestment. No target for the period ending Tenth Five Year Plan has been fixed.